

WINFIELD TOWNSHIP

MONTCALM COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2004

J A M E S D. L A N T Z
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 191, Greenville, MI 48838-0191

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WINFIELD TOWNSHIP	County MONTCALM
Audit Date 6/30/04	Opinion Date 9/17/04	Date Accountant Report Submitted to State: 10/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the Notes, in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

James D. Lantz, CPA

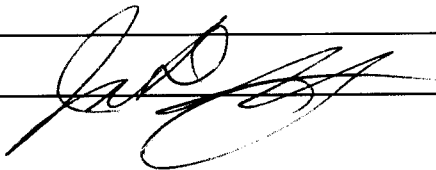
Street Address P.O. Box 191	City Greenville	State MI	ZIP 48838-0191
Accountant Signature 			Date 10/15/04

TABLE OF CONTENTS

	PAGE
ACCOUNTANTS' REPORT	1
REQUIRED FINANCIAL STATEMENTS:	
Government –Wide Statement of Net Assets	2
Government – Wide Statement of Activities	3
Governmental Fund Balance Sheet	4
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Fiduciary Funds – Statement of Net Assets	6
Notes to Financial Statements	7-11
REQUIRED SUPPLEMENTAL INFORMATION:	
Budgetary Comparison Schedule – General Fund	12
COMMENTS AND RECOMMENDATIONS	13

JAMES D. LANTZ

CERTIFIED PUBLIC ACCOUNTANT

September 17, 2004

Township Board
Winfield Township
Montcalm County, Michigan

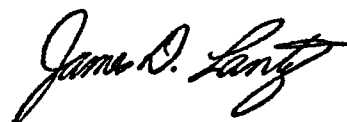
We have audited the accompanying financial statements of WINFIELD TOWNSHIP, Montcalm County, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of Winfield Township, Michigan, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements conform to the requirements of the State of Michigan. In addition to the statements presented, generally accepted accounting principles require Management's Discussion & Analysis and infrastructure reporting. The omission of these items is considered immaterial to the overall financial statement presentation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WINFIELD TOWNSHIP, Montcalm County, at June 30, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As required by the State Treasurer, a letter of comments and recommendations is included in this report.



REQUIRED FINANCIAL STATEMENTS

WINFIELD TOWNSHIP
Government Wide Statement of Net Assets
June 30, 2004

Primary Government

Governmental Activities

ASSETS:

Cash in bank	\$ 259,815
Due from State	-
Due from other funds	-
Capital Assets - Net	<u>31,340</u>
Total assets	<u>291,155</u>

LIABILITIES:

Accounts payable	<u>\$ 673</u>
Total liabilities	<u>673</u>

NET ASSETS:

Investment in fixed assets	31,340
Unrestricted	<u>259,142</u>
Total net assets	<u>\$ 290,482</u>

See Notes to Financial Statements.

WINFIELD TOWNSHIP
Government Wide Statement of Activities
Year Ended June 30, 2004

Functions/Programs	<u>Expenses</u>	<u>Program</u> <u>Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Total</u>
Primary Government:				
Legislative	\$ 102,195	\$ 3,649	\$ 98,546	\$ 98,546
General government	24,056	-	24,056	24,056
Public safety	95,136	-	95,136	95,136
Public works	7,783	-	7,783	7,783
Other functions	-	-	-	-
Total governmental activities	<u>229,170</u>	<u>3,649</u>	225,521	225,521
Total primary government	<u>\$ 229,170</u>	<u>\$ 3,649</u>	<u>225,521</u>	<u>225,521</u>
General Revenues:				
Property taxes			42,824	42,824
Licenses and permits			2,200	2,200
State-shared revenue			143,349	143,349
Interest and rents			2,441	2,441
Other revenue			<u>14,938</u>	<u>14,938</u>
Total general revenues			<u>205,752</u>	<u>205,752</u>
Change in Net Assets			(19,769)	(19,769)
Net Assets - beginning			<u>310,251</u>	<u>310,251</u>
Net Assets - ending			<u>\$ 290,482</u>	<u>\$ 290,482</u>

See Notes to Financial Statements.

WINFIELD TOWNSHIP
Governmental Fund Balance Sheet
June 30, 2004

	<u>General</u>	<u>Road</u>	<u>Fire Dept. Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash in bank	\$ 243,731	\$ 232	\$ 15,179	\$ 259,142
Due from State	-	-	-	-
Due from other funds	-	-	-	-
Capital Assets - Net	-	-	-	-
Total assets	<u>243,731</u>	<u>232</u>	<u>15,179</u>	<u>259,142</u>
LIABILITIES:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Unrestricted	<u>243,731</u>	<u>232</u>	<u>15,179</u>	<u>259,142</u>
Total fund balances	<u>\$ 243,731</u>	<u>\$ 232</u>	<u>\$ 15,179</u>	<u>\$ 259,142</u>

See Notes to Financial Statements.

WINFIELD TOWNSHIP**Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2004**

	<u>General Fund</u>	<u>Special Revenue - Road Fund</u>	<u>Fire Dept. Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 42,824	\$ -		\$ 42,824
Licenses and permits	2,200	-	-	2,200
State grants	143,349	-	-	143,349
Charges for services	3,649	-	-	3,649
Interest and rents	2,440	1	64	2,441
Other revenue	14,938	-	25	14,938
	<u>209,400</u>	<u>1</u>	<u>89</u>	<u>209,401</u>
Total revenues				
	<u>209,400</u>	<u>1</u>	<u>89</u>	<u>209,401</u>
EXPENDITURES:				
Legislative	10,864	-	-	102,195
General government	102,195	-	-	24,056
Public safety	24,056	-	-	95,136
Public works	95,136	-	-	7,783
Other functions	7,783	-	-	-
	<u>240,034</u>	<u>-</u>	<u>-</u>	<u>229,170</u>
Total expenditures				
	<u>240,034</u>	<u>-</u>	<u>-</u>	<u>229,170</u>
Revenues over (under) expenditures before transfers	(30,634)	1	89	(19,769)
Operating transfers in (out)	(3,000)	-	3,000	-
Revenues over (under) expenditures	(33,634)	1	3,089	(19,769)
Fund balance - beginning	277,365	231	12,090	277,596
Fund balance - ending	<u>\$ 243,731</u>	<u>\$ 232</u>	<u>\$ 15,179</u>	257,827
Change in Net Assets of Governmental Activities				<u>\$ (19,769)</u>

See Notes to Financial Statements.

WINFIELD TOWNSHIP

**Fiduciary Funds
Statement of Net Assets
June 30, 2004**

ASSETS:

Cash and cash equivalents	\$ <u>673</u>
---------------------------	---------------

Total assets	\$ <u>673</u>
--------------	---------------

LIABILITIES:

Due to other funds	\$ 673
--------------------	--------

Due to other governmental units	<u>-</u>
---------------------------------	----------

Total liabilities	\$ <u>673</u>
-------------------	---------------

See Notes to Financial Statements

WINFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

In accordance with the provisions of GASB Statement 14, these financial statements present Winfield Township and its component units. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. No component units were identified which, based on this criteria, should be included in this report.

The accounting policies of WINFIELD TOWNSHIP, Michigan, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies:

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

WINFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within XX days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

WINFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Capital Assets--Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings 40 to 60 years

Building Improvements 15 to 30 years

Vehicles 3 to 5 years

Office Equipment 5 to 7 years

Computer Equipment 3 to 7 years

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, the Local Governmental Unit did not incur expenditures in certain budgeted funds which were in excess of the amounts appropriated.

NOTE 3--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or

WINFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than

270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Winfield Township Board has designated two banks for the deposit of funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized

investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority

At year-end, deposits and investments were reported in the basic financial statements in the following categories: Cash and Cash Equivalents

All deposits and investments are bank deposits (checking and savings accounts, certificates of deposit).

Deposits are carried at cost. The balance of all cash and cash equivalents at June 30, 2004, is \$259,815, of which \$60,606 is not covered by F.D.I.C. insurance. All balances fall within risk category 1 of GASB Statement No. 3.

NOTE 3: FIXED ASSETS:

Changes in general fixed assets are:

Cost:

	Balance 7/1/2003	Additions	Balance 6/30/04
Land & improvements	\$ 5,050	\$ 26,290	\$31,340
Buildings	50,495		50,495
Equipment	88,650		88,650
	<u>\$144,195</u>	<u>\$ 26,290</u>	<u>\$170,485</u>

WINFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Accumulated Depreciation:

	Balance 7/1/2003	Additions	Balance 6/30/04
Land & improvements	\$ 0	\$ 0	\$ 0
Buildings	50,495		50,495
Equipment	88,650		88,650
	<u>\$139,145</u>	<u>\$ 0</u>	<u>\$139,145</u>

REQUIRED SUPPLEMENTAL INFORMATION

WINFIELD TOWNSHIP
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2004

	<u>GENERAL FUND</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Fund balance - beginning	\$ 277,365	\$ 277,365	-
Resources (Inflows):			
Taxes	50,000	42,824	(7,176)
Licenses and permits	3,000	2,200	(800)
State grants	151,417	143,349	(8,068)
Charges for services	8,860	3,649	(5,211)
Interest and rents	2,500	2,440	(60)
Other revenue	<u>2,000</u>	<u>14,938</u>	<u>12,938</u>
Amounts available for appropriation	<u>495,142</u>	<u>486,765</u>	<u>(8,377)</u>
Charges to Appropriations (Outflows):			
Legislative	11,935	10,864	1,071
General government	86,578	102,195	(15,617)
Public safety	41,378	24,056	17,322
Public works	65,611	95,136	(29,525)
Other functions	<u>9,275</u>	<u>7,783</u>	<u>1,492</u>
Total charges to appropriations	<u>214,777</u>	<u>240,034</u>	<u>(25,257)</u>
Operating transfers in (out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
	<u>277,365</u>	<u>243,731</u>	<u>(33,634)</u>
Fund balance - ending	<u>\$ 554,730</u>	<u>\$ 521,096</u>	<u>\$ (33,634)</u>

See Notes to Financial Statements.

JAMES D. LANTZ

CERTIFIED PUBLIC ACCOUNTANT

September 17, 2004

Township Board
Winfield Township
Montcalm County, Michigan

RE: Comments and Recommendations

We have examined the general purpose financial statements of WINFIELD TOWNSHIP, Montcalm County, for the twenty months ended June 30, 2004, and have issued our report thereon dated September 17, 2004.

Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions". Solely to assist us in planning and performing our examination, we made a study and evaluation of the internal accounting controls of WINFIELD TOWNSHIP, Montcalm County. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because we are not relying on the entity's internal accounting control procedures to restrict our substantive tests, our study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. Also, our examination made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of internal accounting control. However, our examination disclosed no conditions that we believe to be a material weakness.

This report is intended solely for the use of management and should not be used for any other purpose.

